

**Investment and Property Subcommittee**  
**Wednesday 29 June 2022 at 1.00pm**

# **AGENDA**

## Investment and Property Subcommittee Agenda

Meeting to be held in the Council Chamber  
36 Water Street, Whangārei  
on Wednesday 29 June 2022, commencing at 1.00pm

**Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.**

### MEMBERSHIP OF THE INVESTMENT AND PROPERTY SUBCOMMITTEE

Chairperson, NRC Councillor, Rick Stolwerk

Ex-Officio Penny Smart	Councillor Justin Blaikie	Councillor Colin Kitchen
Councillor Jack Crow	Councillor Terry Archer	Independent Consultant Jonathan Eriksen
Independent Advisor Stuart Henderson		

### KARAKIA / WHAKATAU

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<b>2.0 NGĀ WHAKAPAHĀ/APOLOGIES</b>	
<b>3.0 NGĀ WHAKAPUAKANGA/DECLARATIONS OF CONFLICTS OF INTEREST</b>	
<b>4.0 NGĀ WHAKAAE MINITI (CONFIRMATION OF MINUTES)</b>	
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<b>7.2</b> Investment and withdrawal between fund managers	
<b>7.3</b> Update on Council's Current Redevelopments and Other Property Matters	

**TITLE:** Confirmation of Minutes - 30 March 2022

**From:** Judith Graham, Corporate Services P/A

**Authorised by  
Group Manager/s:** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

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**Ngā mahi tūtohutia / Recommendation**

That the minutes of the Investment and Property Subcommittee meeting held on 30 March 2022 be confirmed as a true and correct record.

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**Attachments/Ngā tapirihanga**

Attachment 1: Investment and Property Subcommittee minutes - 30 March 2022  

Investment and Property Subcommittee  
30 March 2022

## Investment and Property Subcommittee Minutes

Meeting held in the Held remotely  
on Wednesday 30 March 2022, commencing at 1.00pm

### Tuhinga/Present:

Chairperson, NRC Councillor, Rick Stolwerk  
Ex-Officio Penny Smart  
Councillor Justin Blaikie  
Councillor Colin Kitchen  
Councillor Jack Craw  
Councillor Terry Archer  
Independent Consultant Jonathan Eriksen  
Independent Finance Advisor Stuart Henderson

### I Tae Mai/In Attendance:

#### Full Meeting

Pou Taumatua - GM Corporate Services  
Tumuaki – Chief Executive Officer – Malcolm Nicolson  
Finance Manager – Simon Crabb  
Strategic Projects and Facilities Manager – Phil Heatley  
PA Corporate Services – Judy Graham

#### Part Meeting

Northland Forest Managers Ltd Manager– George Dods  
Biodiversity Manager – Lisa Foster  
Biodiversity Advisor – Stephanie Tong  
EriksensGlobal – Janibek Issagulov

The Chair declared the meeting open at 1.02pm with a Karakia by Councillor Stolwerk

### Ngā Mahi Whakapai/Housekeeping (Item 1.0)

### Ngā whakapahā/Apologies (Item 2.0)

#### Moved (Kitchen / Archer)

That the apologies from Independent Audit & Risk Advisor Danny Tuato'o for non-attendance be received.

Carried

### Nga whakapuakanga/Declarations of Conflicts of Interest (Item 3.0)

It was advised that members should make declarations item-by-item as the meeting progressed.

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## **Confirmation of Minutes - 24 November 2021 (Item 4.1)**

**Report from Judith Graham, Corporate Services P/A**

**Moved (Stolwerk / Archer)**

That the minutes of the Investment and Property Subcommittee meeting held on 24 November 2021 be confirmed as a true and correct record.

**Carried**

*Secretarial Note:* Item 6.1 Property Management Plan and Investment Policy. Item to be taken offline to be discussed further around the wording of recreation, amenity, and ecology before going to Councillor only time or Council workshop.

**Action:** Councillor Smart, Councillor Craw, Councillor Stolwerk to meet with GM Corporate Services.

*Secretarial Note:* Councillor Blaikie at 1.18pm Lost audio visual for a short time.

## **Performance of Councils Externally Managed Funds to 28 February 2022 (Item 5.1)**

**Report from Simon Crabb, Finance Manager**

**Moved (Archer / Craw)**

That the report 'Performance of Councils Externally Managed Funds to 28 February 2022' by Simon Crabb, Finance Manager and dated 17 March 2022, be received.

**Carried**

GM Corporate Services spoke to the committee and advised Councils Externally Managed Funds have made a loss of \$118,000 to the end of February 2022.

Independent Consultant Jonathan Eriksen working hard to de risk portfolio and is in constant contact with finance team on ways to do this.

*Secretarial Note:* The subcommittee noted that the exposure to the QuayStreet income Fund in the Short-Term Investment Fund exceeded the corresponding SIPO Limit. However, it was acknowledged that the QuayStreet income Fund is a low-risk product, and that the breach would be remedied when surplus Q3 rates funding and the Marsden Maritime Holding Limited interim dividend is invested into the Short-Term Investment Fund

## **Responsible Investment Report December 2021 (Item 5.2)**

**Report from Judith Graham, Corporate Services P/A**

**Moved (Stolwerk / Smart)**

1. That the report 'Responsible Investment Report December 2021' by Judith Graham, Corporate Services P/A and dated 03 March 2022 be received.

**Carried**

Independent Consultant Jonathan Eriksen spoke to the subcommittee and gave noted that Milford is investing more in fossil fuels currently to achieve a positive return and advised that Milford has a strong ESG process, and this would not compromise Northland Regional Council 5-year plan on reducing ESG limits.

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**Action:** Independent Consultant Jonathan Eriksen to report back to the next Investment and Property Subcommittee 29 June 2022 with some additional advice on how Northland Regional Council can achieve its ESG end target in 5 years' time and what that specifically looks like.

## **Mount Tiger Forest Report (Item 5.3)**

### **Report from Nicole Inger, Property Officer**

*Secretarial Note: The Chair acknowledged Ian Jenkins passing and welcome George Dods*

### **Moved (Craw / Stolwerk)**

1. That the report 'Mount Tiger Forest Report' by Nicole Inger, Property Officer and dated 16 March 2022, be received.

### **Carried**

Northland Forest Managers – George Dods addressed the subcommittee and gave an overview of the Mount Tiger Forest this included damage from a recent storm event and unauthorised motor bike access.

Biodiversity Manager gave an update on the recent interim report completed on the forest and its findings and advising the subcommittee the forest has high diversity and of high value.

### **Action:**

- Northland Forest Managers Ltd Manager – George Dods to put up more signage on the gates around the Mount Tiger Forest.
- Biodiversity Manager to follow up on annual plan budget for pest and weed and complete additional report

## **Kaupapa ā Roto/Business with Public Excluded (Item 6.0)**

### **Moved (Stolwerk / Smart) 2.21pm**

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

<b>Item No.</b>	<b>Item Issue</b>	<b>Reasons/Grounds</b>
6.1	Confirmation of Confidential Minutes - 24 November 2021	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -
6.2	Northland Private Equity Fund Update	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).

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6.3	Summary of Kensington Crossing Redevelopment Project	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii) and the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
6.4	Update on Council's Current Property Redevelopments	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
6.5	Current Property Negotiations	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii), the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
6.6	Council's Water Street Offices	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Advisors be permitted to stay during business with the public excluded.

**Carried**

### Whakamutunga (Conclusion)

The meeting concluded at 3.19pm led by a Karakia by Councillor Stolwerk

**TITLE:**                   **Receipt of Action Sheet**

**From:**                    Judith Graham, Corporate Services P/A

**Authorised by**           Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on  
**Group Manager/s:**

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**Whakarāpopototanga / Executive summary**

The purpose of this report is to enable the meeting to receive the current action sheet.

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**Nga mahi tutohutia / Recommendation**

That the action sheet be received.

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**Attachments/Ngā tapirihanga**

Attachment 1: Investment and Property Actionsheet [!\[\]\(e1c624d4757f08486e89482c18364c17\_img.jpg\) !\[\]\(fd44bd93e945cfa8875a8962f08e5b64\_img.jpg\)](#)



**Outstanding Actions as at 17/06/2022**

<b>Id</b>	<b>Meeting</b>	<b>Target Date</b>	<b>Officer Responsible</b>	<b>Description</b>	<b>Request Details</b>	<b>Most Recent Comment</b>
6467	Investment and Property Subcommittee 30/03/2022	13/04/22	Graham, Judith	Responsible Investment Report December 2021	Emailed sent 23 May to Jonathan Erikensen for an update on ESG KPI's	Emailed sent 23 May to Jonathan Erikensen for an update on ESG KPI's

**TITLE: Performance of Councils Externally Managed Funds to 31 May 2022**

**From:** Vincent McColl, Financial Accountant

**Authorised by Group Manager/s:** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 21 June 2022

**Executive summary/Whakarāpopototanga**

In the month of May 2022, councils Externally Managed Fund Portfolio incurred losses of (\$877k). For the 11 months to the end of May, the portfolio has now recorded an overall loss of (\$1.18M).

A summary of the returns and target objectives for the 11 months ending 31 May for councils 2 managed funds is presented below, with the supporting detail and fund performance for longer periods contained in the attached EriksensGlobal Report (Attachment 1).

11 Months Ending 31 May 2021	Long Term Fund (LTF)	Short Term Fund (STF)
Fund Return %	0.0%	-2.6%
Fund Objective %	7.4%	3.4%
<b>Fund Over / (Under) Performance</b>	<b>-7.4%</b>	<b>-6.0%</b>

Jonathan Eriksen from EriksensGlobal will be joining in via Zoom to answer any questions.

All monthly, quarterly and year to date (YTD) return percentages in this report and its attachment are **not** annualised.

**Recommendation(s)**

That the report 'Performance of Councils Externally Managed Funds to 31 May 2022 ' by Vincent McColl, Financial Accountant and dated 20 June 2022, be received.

**Background/Tuhinga**

**Long Term Investment Fund (LTF)**

At 31 May 2022, the LTF has an overall market value of \$62.2m, comprising of funds attributable to:

- Economic Development of \$17.3m,
- Property Reinvestment of \$28.3m, and
- Regional Project Development of \$14.4m.
- Rates collected for Debt repayment and Depreciation \$2.2m

The LTF has performed as follows:

LTF	1 month		Quarter		YTD					1 year			5 year		
	Return	Objective	Return	Objective	Return	Objective	Budget	Return \$	Budget \$	Var \$	Return	Objective	Budget	Return	Objective
	-0.9%	0.7%	-1.0%	2.0%	0.0%	7.4%	5.7%	(\$0.63M)	\$3.38M	(\$4.01M)	2.1%	8.1%	\$3.7M	7.8%	7.2%

### Short Term Investment Fund (STF)

At 31 May 2022, the STF has an overall market value of \$12.6m, comprising funds attributable to:

- Working capital requirements of \$6.4m
- Property Reinvestment of \$5.1m.
- Investment and Growth reserve requirements of \$1.1m

The STF has performed as follows:

STF	1 month		Quarter		YTD						1 year			5 year	
	Return	Objective	Return	Objective	Return	Objective	Budget	Return \$	Budget \$	Var \$	Return	Objective	Budget	Return	Objective
	-1.5%	0.4%	-1.9%	1.0%	-2.6%	3.4%	3.5%	(\$0.55M)	\$454k	(\$1.00M)	-1.8%	3.7%	\$495K	5.7%	4.3%

**Non-compliance with the Statement of Investment Policy and Objectives (SIPO)** At 31 May 2022, the Long-Term Investment Fund allocation to the Global Equities was 4.6% which is slightly below its lower limit of 5%. This under allocation is due to reducing exposure to currently volatile global equities and in particular the recent \$1M drawn down from T. Rowe Price Global Equity to help de-risk the portfolio. This discrepancy from SIPO will be remedied when global equities markets are expected to grow again.

At 31 May 2022, the Short-Term Investment Fund allocation to the Castle Point 5 Oceans was 22.9% which is slightly above its higher limit of 20%. Castle Point 5 Oceans is above its upper range due to reduced TDs. This exposure will be progressively reduced to meet cash flow requirements.

### Attachments/Ngā tapirihanga

Attachment 1: Eriksens Global Report May 2022 [↓](#) 













































































**TITLE:** **Northland Regional Council Environmental, Social, and Governance Targets**

**From:** Judith Graham, Corporate Services P/A

**Authorised by  
Group Manager/s:** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

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Report completed by EriksensGlobal

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### **Attachments/Ngā tapirihanga**

Attachment 1: Northland Regional Council Environmental, Social, and Governance Targets Report [↓](#)











## TITLE: Business with the Public Excluded

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### Whakarāpopototanga / Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

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### Ngā mahi tūtohutia / Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
7.1	Confirmation of Confidential Minutes - 30 March 2022	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
7.2	Investment and withdrawal between fund managers	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
7.3	Update on Council's Current Redevelopments and Other Property Matters	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii), the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Financial Advisors be permitted to stay during business with the public excluded.
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### Considerations

#### 1. Options

Not applicable. This is an administrative procedure.

#### 2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

### **3. Policy and Legislative Compliance**

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

### **4. Other Considerations**

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.